

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 99-689

October 18, 1999

CENTRAL MAINE POWER COMPANY
Request for Approval of Special Rate
Contract with Great Spring Waters of
America, Inc.

ORDER APPROVING
CONTRACT

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

SUMMARY OF DECISION

By this Order, the Commission approves Central Maine Power Company's proposed customer service agreement (CSA) with Great Spring Waters of America, Inc. (Great Spring).

DISCUSSION AND DECISION

On October 1, 1999, Central Maine Power Company (CMP) filed with this Commission a proposed CSA with Great Spring. Great Spring currently operates a spring-water production and bottling facility in Poland, Maine and is planning to open a new spring-water production and bottling facility in Hollis, Maine. This CSA applies to the new Hollis facility and has a term of 15 years. Great Spring has indicated that absent this CSA, it would install natural gas-fired cogeneration in order to satisfy, totally, its electric energy needs and certain of its steam needs.

To serve the new facility, it will be necessary for CMP to construct new delivery facilities. Under the CSA, Great Spring will pay for CMP's capital investment in delivery facilities, the O&M associated with the delivery facilities, the applicable NEPOOL OATT charges, the applicable CMP OATT charges and a variable Local Distribution Charge.¹

¹ The Local Distribution Charge is equal to 0.055 \$/kWh minus the total of the other charges plus the market cost of power. Therefore, to the extent that the sum of the other charges plus the market cost of power is less than 0.055 \$/kWh, there is some revenue contribution from the Local Distribution Charge. If the sum of the other charges plus the market cost of power is greater than or equal to 0.055 \$/kWh, the Local Distribution Charge is zero.

Although the term of the contract is for 15 years, Great Spring has the option to terminate early with 90-days prior written notice. If Great Spring exercises this option, it must pay CMP a lump sum equal to the remaining balance of the project construction costs, CMP's transmission costs and the related O&M charges.

Although the revenue contribution from this contract is relatively small, CMP is guaranteed at a minimum to recover its capital investment, the O&M associated with the delivery facilities plus some amount of transmission revenues.² Therefore, we will allow the contract to go into effect. Consistent with the Phase I Order in CMP's "mega case," this approval does not constitute any presumption of reasonableness or prudence. *Maine Public Utilities Commission, Investigation of Central Maine Power Company's Revenue Requirements and Rate Design (Phase II), Order on Reconsideration at 5* (June 22, 1999). The ratemaking treatment of this contract will be determined in Phase II of Docket No. 97-580 or in a later proceeding.

Accordingly, we

ORDER

That the Customer Service Agreement with Great Spring Waters of America, Inc., filed by Central Maine Power Company on October 1, 1999, is hereby approved and may become effective as of the date of this Order.

Dated at Augusta, Maine, this 18th day of October, 1999.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Nugent
Diamond

COMMISSIONER ABSENT: Welch

² The contract provides that if Great Spring terminates, CMP is guaranteed recovery of its Company OATT charges, other than the charges associated with Ancillary Service No. 1, which are charged separately.

